

EXHIBIT B

Declaration of Vincent Mazzotta in Support
of Defendants' Opposition to Plaintiff CFTC's
Third Motion for an Order to Show Cause



GUTKE LAW GROUP
ATTORNEYS AT LAW

EXHIBIT B

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12 DAVID GILBERT SAFFRON and
13 CIRCLE SOCIETY, CORP.

14 **UNITED STATES DISTRICT COURT**
15 **DISTRICT OF NEVADA**

16 COMMODITY FUTURES TRADING
17 COMMISSION,

18 Plaintiff,

19 v.

20 DAVID GILBERT SAFFRON, a/k/a DAVID
21 GILBERT, and CIRCLE SOCIETY, CORP.,

22 Defendants,

Case Number 2:19-cv-1697-JAD-DJA

23 **DECLARATION OF VINCENT MAZZOTTA**

24 I, Vincent Mazzotta, hereby declare under oath the following:

25 1. I am over the age of 18 years and have personal knowledge of the facts
26 stated herein, except for those stated upon information and belief and, as to those facts,
27 I believe them to be true. I am competent to testify as to the facts stated herein in a court
28 of law and will so testify if called upon.

2. I make this Declaration in support of *Defendants' Opposition to Plaintiff*
CFTC's Third Motion for an Order to Show Cause Why Defendants Should Not be Held in Civil

1 *Contempt for Violations of the Court's Asset Freeze* in the above-captioned case.

2 3. I am the CEO, President, and founder of Runway Beauty Inc., an Arizona
3 Corporation ("Runway").

4 4. Runway was created in 1997 and incorporated in 2006. It is a privately
5 owned company with private stock mainly owned by the Mazzotta Trust and several
6 smaller investors.

7 5. Runway's business operations include publishing a magazine and
8 producing a TV channel.

9 6. Runway reveals the top designs, the most modern fashions and the finest
10 accessories available, covering 200+ international fashion shows and up-and-coming
11 designers. Runway offers our readers a modern approach to fashion, bringing it to a
12 new age with page-turning content and captivating writing from experts. Runway is
13 committed to bringing new and fresh content to each issue.

14 7. Upon information and belief, in November 2020, the CFTC issued
15 subpoenas to various financial institutions, including Wells Fargo Bank, JPMorgan
16 Chase Bank, and FirstView LLC, seeking all of my personal financial records and/or all
17 of Runway's financial records, and financial records of my family.

18 8. Upon information and belief, the subpoenas were issued as a part of the
19 CFTC's case against David Saffron and Circle Society.

20 9. I have known David Saffron since 2012. He was introduced to me as a
21 salesperson who could help Runway increase its revenue. Since I met David, Runway
22 has employed him as an independent contractor to serve as a business advisor and to
23 work as an advertising sales representative. He advised Runway on where it could find
24 advertisers, and he has introduced Runway to many top-end clothing advertisers.

25 10. From 2017 through 2019, I barely saw David, and he very rarely interacted
26 with me or Runway during those years.

27 11. At the end of 2019, David was having issues with his own business
28 stemming from this civil lawsuit which froze all of his assets associated with his

1 business. Because of this, he was looking for opportunities to earn income to live off of.
2 I took him on as a full-time advertising representative in charge of sales, because David
3 has always shown great concern for me and my company, both as a valuable sales
4 representative and as a friend. He was good at introducing potential clients and
5 advertisers, so I decided to hire him again and give him a lot of responsibility.

6 12. Because of David's experience and skill, I put him in charge of all of our in-
7 house leads, and I had him travel to out-of-town client meetings because I have health
8 problems that prevent me from traveling.

9 13. I gave David access to Runway's bank accounts to allow him to operate in
10 his new full-time advertising sales role. Some of the business expenses David needed to
11 pay for included entertaining potential clients, meals, travel, and related expenditures.
12 Some of the ads Runways sells can cost as much as \$25,000 to \$30,000 for a single
13 advertisement, so it is not unusual for us to spend significant amounts in order to land
14 these lucrative contracts.

15 14. I set David up with a company debit card so he could pay for expenses
16 without my presence. It was Wells Fargo policy to not let individuals working for the
17 company have a debit card unless they were signatories on the account, so Wells Fargo
18 required me to make David a signatory on the account to get a card in his name.

19 15. David's work for Runway in 2020 was as an independent contractor, and
20 was full time, so he earned a positive income and was issued an IRS Form 1099 for the
21 income earned. A true and correct copy of David's 1099 from Runway is attached hereto
22 as **Exhibit B-1**.

23 16. From what I understand, the CFTC's litigation against David is regarding
24 his activities with Bitcoin and his business Circle Society.

25 17. I have known for many years that David was extremely knowledgeable
26 about cryptocurrency. He even taught me how to mine Bitcoin and Litecoin back in 2012
27 when I first met him, for which I am incredibly grateful because thanks to him I was
28 fortunate to obtain cryptocurrencies in those early years. I understood that he was doing

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1 very well trading cryptocurrencies and assumed that was why he no longer needed to
2 work much for Runway after 2017.

3 18. Upon information and belief, the CFTC has alleged that David used me
4 and/or Runway to move assets related to his cryptocurrency business. That allegation is
5 simply not true and is completely unsupported by my financial records as well as
6 Runway's. Again, while David and I have had financial transactions together stemming
7 from his role with Runway, no part of David's cryptocurrency business ever involved
8 me or Runway.

9 19. I found out about the subpoenas when Wells Fargo and Chase contacted
10 me, and the CFTC never served the subpoenas to me. A true and correct copy of the
11 notices I received from Wells Fargo and Chase are attached hereto as Exhibit B.² When
12 my banks sent these letters, I was very upset and felt that the subpoenas were overbroad
13 and an improper invasion of my privacy. I retained a lawyer in Las Vegas to attempt to
14 quash the subpoenas, but ultimately, I decided that the cost of fighting the subpoena was
15 not worth the expense and did not object because other than invading my privacy, I
16 knew there was nothing in the records that was of any concern to this lawsuit. The
17 records the CFTC subpoenaed (and I presume obtained) included not only the Runway
18 accounts attached to the CFTC's Motion, but also included my mother Catherine
19 Mazzotta's trust account on which I am a beneficiary, and the account of my
20 photography agency, FirstView LLC, which has nothing to do with David Saffron or his
21 business.

22 I declare under penalty of perjury under the laws of the United States of America
23 that the foregoing is true and correct.

24 Dated this 2nd day of March, 2021.

25
26 
VINCENT MAZZOTTA, Declarant

EXHIBIT B-1

Form 1099-MISC

☐ CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. Runway Beauty Inc 7752 E. Valley Vista Dr Scottsdale AZ 85250 US - Phone: 3106946540		1 Rents \$	OMB No. 1545-0115 2020 Form 1099-MISC		Miscellaneous Income
		2 Royalties \$			
Account number (see instructions) [REDACTED] 2137		3 Other income \$ 203411.00		4 Federal income tax withheld \$	Copy B For Recipient
		5 Fishing boat proceeds \$		6 Medical and health care payments \$	
RECIPIENT'S name, address, ZIP/ postal code & Country David Gilbert Saffron [REDACTED] US		7 Payer made direct sales of \$5000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	8 Substitute payments in lieu of dividends or interest \$		This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
		9 Crop insurance proceeds \$	10 Gross proceeds paid to an attorney \$		
		11	12 Section 409A deferrals \$		
PAYER'S TIN [REDACTED] 0664	RECIPIENT'S TIN [REDACTED] 0877	13 Excess golden parachute payments \$	14 Nonqualified deferred compensation \$		
		15 State tax withheld \$	16 State/Payer's state no.		17 State income \$
		\$			\$

Form 1099-MISC

www.irs.gov/efile -IRS Approved e File Provider

Instructions for Recipient

Recipient's taxpayer identification number (TIN). For your protection, this form may show only the last four digits of your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN). However, the payer has reported your complete TIN to the IRS.

Account number. May show an account or other unique number the payer assigned to distinguish your account.

FATCA filing requirement. If the FATCA filing requirement box is checked, the payer is reporting on this Form 1099 to satisfy its chapter 4 account reporting requirement. You may also have a filing requirement. See the Instructions for Form 9939.

Amounts shown may be subject to self-employment (SE) tax. If your net income from SE is \$400 or more, you must file a return and compute your SE tax on Schedule SE (Form 1040 or 1040-SR). See Pub. 334 for more information. Note: If you are still receiving payments on which no income, social security, and Medicare taxes are withheld, you should make estimated tax payments. See Form 1040-ES (or Form 1040-ES-NR). Individuals must report these amounts as explained in the box 14 instructions on this page. Corporations, fiduciaries, or partnerships must report the amounts on the proper line of their tax returns.

Form 1099-MISC incorrect? If this form is incorrect or has been issued in error, contact the payer. If you cannot get this form corrected, attach an explanation to your tax return and report your income correctly.

Box 1. Report rents from real estate on Schedule E (Form 1040 or 1040-SR). However, report rents on Schedule C (Form 1040 or 1040-SR) if you provided significant services to the tenant, sold real estate as a business, or rented personal property as a business. See Pub. 527.

Box 2. Report royalties from oil, gas, or mineral properties; copyrights; and patents on Schedule E (Form 1040 or 1040-SR). However, report payments for a working interest as explained in the Schedule E (Form 1040 or 1040-SR) instructions. For royalties on timber, coal, and iron ore, see Pub. 544.

Box 3. Generally, report this amount on the "Other income" line of Schedule 1 (Form 1040 or 1040-SR), or Form 1040-NR and identify the payment. The

Box 4. Shows backup withholding or withholding on Indian gaming profits. Generally, a payer must backup withhold if you did not furnish your TIN. See Form W-9 and Pub. 505 for more information. Report this amount on your income tax return as tax withheld.

Box 5. An amount in this box means the fishing boat operator considers you self-employed. Report this amount on Schedule C (Form 1040 or 1040-SR). See Pub. 334.

Box 6. For individuals, report on Schedule C (Form 1040 or 1040-SR).

Box 7. If checked, \$5,000 or more of sales of consumer products was sold to you on buy-sell, deposit-commission, or other basis. A dollar amount does not have to be shown. Generally, report any income from your sale of these products on Schedule C (Form 1040 or 1040-SR).

Box 8. Shows substitute payments in lieu of dividends or tax-exempt interest received by your broker on your behalf as a result of a loan of your securities. Report on the "Other income" line of Schedule 1 (Form 1040 or 1040-SR), or Form 1040-NR.

Box 9. Report this amount on Schedule F (Form 1040 or 1040-SR).

Box 10. Shows gross proceeds paid to an attorney in connection with legal services. Report only the taxable part as income on your return.

Box 12. May show current year deferrals as a nonemployee under a nonqualified deferred compensation (NQDC) plan that is subject to the requirements of section 409A plus any earnings on current and prior year deferrals. This amount is also shown in box 1 of Form 1099-NEC.

Box 13. Shows your total compensation of excess golden parachute payments subject to a 20% excise tax. See your tax return instructions for where to report.

Box 14. Shows income as a nonemployee under an NQDC plan that does not meet the requirements of section 409A. This amount is also included in box 1, Form 1099-NEC as nonemployee compensation. Any amount included in box 12 that is currently taxable is also included in this box. This income is also subject to a substantial additional tax to be reported on Form 1040, 1040-SR, or 1040-NR. See the Instructions for Forms 1040 and 1040-SR, or the Instructions for Form 1040-NR.

Boxes 15-17. Show state or local income tax withheld from the payments. Future developments. For the latest information about developments related to Form 1099-MISC and its instructions, such as legislation enacted after they were published, go to www.irs.gov/Form1099MISC.

EXHIBIT B-2



National Subpoena Processing
Mail Code IN1-4054
7610 West Washington Street
Indianapolis, Indiana 46231-1335

11/20/2020

CATHERINE MAZZOTTA
3616 BARHAM BLVD APT X111
LOS ANGELES, CA 900681137

Update: We received a legal request for the matter below

**Case Name: COMMODITY FUTURES TRADING COMMISSION V. DAVID GILBERT SAFFRON A/K/A
DAVID GILBERT AND CIRCLE WA, CORP**
Case No.: 2:19-CV-1697-JAD-DJA
JPMorgan Chase File No: SB1179393-F1

Dear CATHERINE MAZZOTTA :

JPMorgan Chase Bank, N.A. received a legal request in connection with the above case seeking information that concerns you and/or your account(s). This is a notification only.

As required, JPMorgan Chase Bank, N.A. will comply timely with this legal request unless it receives documentation that legally obligates it to halt production. If you would like to submit such documentation for our review, please fax it to 1-866-859-8592; it's free from any Chase branch.

If you have legal representation, please provide them with a copy of this letter. We are unable to provide legal guidance.

If you have questions or would like a copy of the legal request, you can call the issuing party, DANIELLE KARST at 202-418-6158 .

Sincerely,

National Subpoena Processing

SUBP59



Summons and Subpoenas Department
PO Box 29728 S4001-01F
Phoenix, AZ 85038
Voice: (480)724-2000

November 09, 2020

RUNWAY BEAUTY, INC.
3616 BARHAM BLVD APT X111
LOS ANGELES CA 90068-1137

Subject: Legal order to release Wells Fargo records

Agency reference number: 219CV1697JADDJA
Bank reference number: 24361866

Dear RUNWAY BEAUTY, INC.

We want to let you know that we received a legal order from Commodity Futures Trading Commission which requires us to provide them with a copy of the requested records **by December 03, 2020.**

If you'd like to take any action related to this legal order, we recommend you contact an advisor of your choice, such an attorney, for guidance as soon as possible; Wells Fargo cannot advise you in this matter.

If you have questions

- For questions about the legal order, we suggest you contact the requesting party directly in either of the following ways.
 - **By phone:** (202) 418-6158
 - **Mail to:**
Commodity Futures Trading Commission
Danielle Karst
1155 21st St NW
Washington DC 20581
- For questions regarding this letter or to receive a copy of the legal order, call us at (480)724-2000, Monday – Friday, 8:00 a.m. to 8:00 p.m. Eastern Time.

Thank you.

Sincerely,

Santina Moore

Santina Moore
Operations Manager
Summons and Subpoenas Department